

Exhibit G

to

Declaration of George F. Carpinello

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF NEW YORK

In re: :
:
HILAL K. HOMAIDAN, :
f/k/a Helal K. :
Homaidan, :
: Chapter 7
Debtor. :
----- :
:
HILAL K. HOMAIDAN on : Case No.
behalf of himself and : 08-48275 (ESS)
all others similarly :
situated, : CONFIDENTIAL
:
Plaintiff, :
:
v. :
:
SLM CORPORATION, SALLIE :
MAE, INC., NAVIENT :
SOLUTIONS, LLC, and :
NAVIENT CREDIT FINANCE :
CORPORATION, :
:
Defendants.

Tuesday, July 9, 2019

30(b)(6) deposition of PATRICIA
PETERSON, taken pursuant to notice, was
held at the law offices of Friedlander &
Gorris, 1201 Market Street, Wilmington,
Delaware, beginning at 9:41 AM on the
above date, before Constance S. Kent, a
Certified Court Reporter, Registered
Professional Reporter and Notary Public
in and for the state of Delaware.

* * *

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<p style="text-align: right;">Page 42</p> <p>1 looking at that policy, which I believe</p> <p>2 we looked at in the last one, so I think</p> <p>3 it's in the material that was produced.</p> <p>4 As it relates to the debt</p> <p>5 being discharged, I can go through that</p> <p>6 flow.</p> <p>7 Q. Okay.</p> <p>8 A. So from the dischargeability</p> <p>9 of the debt, we're first going to look at</p> <p>10 the 1098-E eligible flag and that 1098-E</p> <p>11 eligible flag has, I believe it's four</p> <p>12 different values. If the value is a no,</p> <p>13 and it's never been a -- one of the other</p> <p>14 values, then the debt would be discharged</p> <p>15 and we would write off the balance.</p> <p>16 Any of the other fields of a</p> <p>17 Y, a Q or blank or a no that has been</p> <p>18 changed before, we would then proceed in</p> <p>19 the tree to look at the actual Title IV,</p> <p>20 and if it was a loan made to a Title IV</p> <p>21 school, the loan would not be discharged</p> <p>22 and written off. A non-Title IV would be</p> <p>23 written off.</p> <p>24 Q. Okay. Do you know how a</p>	<p style="text-align: right;">Page 43</p> <p>1 loan is designated within one of those</p> <p>2 four, one being N, the others being Y, Q</p> <p>3 and -- I'm sorry. Let's back up.</p> <p>4 You said that a loan is</p> <p>5 written off if there's an N in the 1098</p> <p>6 field and it's never been anything else,</p> <p>7 correct?</p> <p>8 A. Correct.</p> <p>9 Q. Who makes -- do you know</p> <p>10 what goes into the decision to put an N</p> <p>11 in that column?</p> <p>12 A. That is based off of whether</p> <p>13 the loan proceeds were used for a</p> <p>14 qualified education expense.</p> <p>15 Q. And how do you determine</p> <p>16 whether or not a loan has been used for a</p> <p>17 qualified education expense?</p> <p>18 A. One of the ways is based off</p> <p>19 of the program itself, so we had a career</p> <p>20 training loan is an example of a loan</p> <p>21 that could be showing a no.</p> <p>22 Q. Are there other loan</p> <p>23 programs that would show a no</p> <p>24 automatically?</p>
<p style="text-align: right;">Page 44</p> <p>1 A. I don't recall.</p> <p>2 Q. Would a Tuition Answer Loan</p> <p>3 show an N automatically?</p> <p>4 A. No.</p> <p>5 Q. Okay.</p> <p>6 A. Not typically.</p> <p>7 Q. Pardon me, not typically?</p> <p>8 A. Not typically.</p> <p>9 Q. All right. I'm going to</p> <p>10 show you a document.</p> <p>11 MS. SWANSON: That we'll</p> <p>12 mark as Exhibit 2 that we used in</p> <p>13 your last deposition, just ask you</p> <p>14 a couple of questions about it.</p> <p>15 This is Navient's private</p> <p>16 lending bankruptcy policy as of</p> <p>17 March 1st, 2017.</p> <p>18 (Exhibit No. 2,</p> <p>19 Confidential-Policy, Private</p> <p>20 Lending Bankruptcy, Bates</p> <p>21 NAVHOM01000017 through 20, was</p> <p>22 marked for identification.)</p> <p>23 BY MS. SWANSON:</p> <p>24 Q. Do you know who this policy</p>	<p style="text-align: right;">Page 45</p> <p>1 was -- or this document was created by?</p> <p>2 A. Someone in our -- our</p> <p>3 compliance group typically is responsible</p> <p>4 for writing the policy.</p> <p>5 Q. Is your compliance group</p> <p>6 also called Credit Risk Management?</p> <p>7 A. No.</p> <p>8 Q. Is Credit Risk Management a</p> <p>9 subset of your compliance group?</p> <p>10 A. No.</p> <p>11 Q. All right. Why does it say</p> <p>12 "Department: Credit Risk Management" on</p> <p>13 this document?</p> <p>14 A. They're responsible for</p> <p>15 setting the policy but not necessarily</p> <p>16 did they author the actual document.</p> <p>17 Q. Okay. Do you know -- can</p> <p>18 you tell me that -- your compliance</p> <p>19 department, who is in charge of</p> <p>20 compliance at Navient?</p> <p>21 MR. FARRELL: Currently?</p> <p>22 MS. SWANSON: Currently.</p> <p>23 THE WITNESS: Steve Hauber.</p> <p>24 BY MS. SWANSON:</p>

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<p>1 A. When we receive a discharge 2 or notification of bankruptcy. 3 Q. Do you know what goes into 4 that determination? 5 MR. FARRELL: Object to the 6 form. 7 THE WITNESS: Can you get 8 more specific? 9 BY MS. SWANSON: 10 Q. Sure. So in this discharge 11 of debtor it says: 12 "Navient must determine if 13 the loan is considered a nondischargeable 14 education loan." 15 Do you know what factors 16 Navient considers other than those that 17 it consideration at origination to 18 determine if the loan is a 19 nondischargeable education loan? 20 MR. FARRELL: Object to the 21 form because it's already been 22 asked and answered. She told you 23 about the decision tree that the 24 procedure tells somebody to go</p>	<p>1 through. So I don't know if 2 you're -- I think she's already 3 answered it. 4 But go ahead if you can. 5 THE WITNESS: No, I was -- 6 sorry, I was trying to understand 7 what your question was because 8 that's what I was also thinking, 9 it was the same thing we went 10 through. So I'm not sure if 11 you're asking it a different way. 12 BY MS. SWANSON: 13 Q. Does the PA Claims team look 14 at anything but that decision tree that 15 we've talked about in determining if the 16 loan is considered a nondischargeable 17 education loan? 18 A. No, they use that decision 19 tree. 20 Q. For every different type of 21 loan? 22 A. Correct. 23 Q. Would you agree that this 24 policy obliges Navient to determine if</p>
Page 68	Page 69
<p>1 loan is dischargeable before it resumes 2 collecting it? 3 MR. FARRELL: Objection to 4 form. 5 THE WITNESS: Can you 6 restate that. 7 MS. SWANSON: Can you repeat 8 that for me, please? 9 THE WITNESS: No, can you 10 just restate it? I don't 11 understand the question. 12 BY MS. SWANSON: 13 Q. Sure. Would you agree that 14 this policy obliges Navient to determine 15 whether or not a loan is discharged in 16 bankruptcy before it resumes collecting? 17 MR. FARRELL: Object to 18 form. 19 THE WITNESS: Yes. 20 BY MS. SWANSON: 21 Q. Okay. And does Navient, in 22 fact, determine whether the debt is 23 dischargeable for each loan for which it 24 receives a notice of discharge?</p>	<p>1 MR. FARRELL: Object to the 2 form. 3 THE WITNESS: Yes, each loan 4 is evaluated independently. 5 BY MS. SWANSON: 6 Q. And is the analysis anything 7 other than the decision tree? 8 A. No. As it relates to 9 private student loans. 10 Q. So there's a section at the 11 top of 19 here called Nondischargeable 12 Loans, and it lists out three specific 13 requirements that -- we looked at this a 14 few minutes ago. There's three 15 requirements, one is: "An educational 16 benefit, overpayment of loan made, 17 insured or guaranteed by a government 18 unit," et cetera. One is: "An 19 obligation to repay funds such as an 20 educational benefit, scholarship or 21 stipend," and the third is: "Any other 22 educational loan that is a qualified 23 education loan." 24 So Navient does not look at</p>

<p style="text-align: right;">Page 70</p> <p>1 any of these requirements in this 2 document on the page 19, it only looks at 3 whether or not the loan is eligible to 4 receive a 1098-E, and then, if necessary, 5 looks at whether or not it's a Title IV 6 school; is that correct? 7 MR. FARRELL: Object to the 8 form. 9 THE WITNESS: The 1098-E and 10 those two -- and the Title IV 11 incorporate the three bullets. 12 BY MS. SWANSON: 13 Q. Is there any other -- any 14 other requirement -- well, why don't we 15 move on to where Navient defines the 16 qualified education loan. 17 MS. SWANSON: I would like 18 to show you a document, what we'll 19 call Exhibit 3. This is the -- 20 it's on Sallie Mae letterhead. 21 It's called Policy Bulletin 22 98-117, Reporting Student Loan 23 Interest, 2008 tax year. 24 (Exhibit No. 3,</p>	<p style="text-align: right;">Page 71</p> <p>1 Confidential-Policy Bulletin 2 98-117, Bates NAV070000112 through 3 123, was marked for 4 identification.) 5 MR. FARRELL: Since we're 6 about to go to a new document, 7 we've been going about an hour, do 8 you want to take a break or are 9 you -- 10 THE WITNESS: I was actually 11 thinking if we could, that would 12 be great. 13 MR. FARRELL: Okay. 14 MS. SWANSON: Sure. 15 MR. FARRELL: Take a quick 16 bathroom break and then we can 17 dive into this. 18 (Recess called at 10:48 AM 19 to 11:04 AM.) 20 BY MS. SWANSON: 21 Q. All right. Did you get a 22 chance to take a look at this policy 23 bulletin that I handed you before we took 24 our break?</p>
<p style="text-align: right;">Page 72</p> <p>1 A. I did. 2 Q. All right. What is the 3 purpose of this policy? 4 A. It defines our reporting 5 requirements for student loans for this 6 specific tax year. 7 Q. For this specific 2008 tax 8 year? 9 A. Correct. 10 Q. Do you have one of these for 11 every specific tax year? 12 A. I believe there is one, yes. 13 Q. Okay. Is the purpose of 14 this to determine -- to use this to 15 determine who to send a 1098-E to? 16 A. The policy governs the -- 17 what and when we should send a 1098, yes. 18 Q. Okay. And if you turn to 19 the page that ends with 37 at the bottom, 20 there is a list of "Key Terms Continued." 21 Can you tell me what your 22 understanding before or after having read 23 this Qualified Education Loan Key Term, 24 what is your understanding of what</p>	<p style="text-align: right;">Page 73</p> <p>1 constitutes a qualified education loan? 2 A. Do you want me to read it? 3 Q. Sure. This is your 4 understanding? If your understanding is 5 what you've read here -- why don't you go 6 ahead and read that and then I'd like to 7 hear what your interpretation of that 8 might be. 9 A. Okay. 10 "A loan incurred within a 11 reasonable period and used solely to pay 12 the cost of qualified higher education 13 expenses at an eligible educational 14 institution for a student enrolled at 15 least half-time in a program leading to a 16 degree, certificate or other recognized 17 educational credential. Qualified 18 education loan must be made to a borrower 19 who is the student, the student's spouse 20 or a party for which the student is a 21 dependent based on Federal Income Tax 22 rules. 23 "The term excludes mixed use 24 loans such as a consolidation loan</p>

<p style="text-align: right;">Page 78</p> <p>1 in the system, but it doesn't have 2 the label that you were trying to 3 give it so that's why I answered 4 the way that I did. 5 And so now on to your next 6 question, if you can repeat that. 7 (Pertinent portion of the 8 record is read.) 9 MR. FARRELL: Objection to 10 form. 11 THE WITNESS: That flag is 12 the field that says whether 13 they're 1098-E eligible, which 14 1098-E eligible is based on 15 qualified expenses. 16 BY MS. SWANSON: 17 Q. Do you know what 18 considerations are taken into account in 19 filling out the 1098-E field? 20 A. Kind of a broad question. 21 Can you get more specific with that? 22 Q. What does Navient look at 23 when they're filling in the 1098 field? 24 A. At the time the loan is</p>	<p style="text-align: right;">Page 79</p> <p>1 made, so let's stay on Mr. Homaidan's 2 account, he certified in the type of loan 3 that he had that he certified that he -- 4 this loan was being used for qualified 5 education and so the flag was turned to a 6 yes, it's eligible for 1098. 7 If we get the certification 8 from the school, they're also certifying 9 that it's 1098, so then the flag is 10 also a Y. 11 In the case of a career 12 training loan, the school did not certify 13 that it's qualified so it became a no. 14 Q. Does Navient look at the 15 cost of qualified higher education 16 expenses at each school? When it 17 originates a loan? 18 A. No. 19 Q. Does Navient look at other 20 loans that the borrower has requested 21 during that school year to determine 22 whether or not expenses are qualified 23 higher education expenses? 24 A. No --</p>
<p style="text-align: right;">Page 80</p> <p>1 Q. Does Navient use the term 2 "cost of attendance" ever? 3 MR. FARRELL: Object to the 4 form. 5 THE WITNESS: That phrase is 6 used, yes. 7 BY MS. SWANSON: 8 Q. So you're familiar with the 9 term "cost of attendance"? 10 A. Generally speaking, yes. 11 Q. Is there any difference 12 between the term "higher education 13 expenses" -- I'm sorry, "qualified higher 14 education expenses" and "cost of 15 attendance" in your mind? 16 MR. FARRELL: Object to the 17 form. 18 MS. SWANSON: What's 19 objectionable about that form? 20 MR. FARRELL: Object to the 21 extent that it calls for a legal 22 conclusion and what might exist in 23 her mind as a personal witness is 24 not particularly relevant.</p>	<p style="text-align: right;">Page 81</p> <p>1 BY MS. SWANSON: 2 Q. Does Navient consider a 3 qualified higher education expense to be 4 the same as cost of attendance? 5 MR. FARRELL: Object to the 6 form. 7 THE WITNESS: I don't know. 8 BY MS. SWANSON: 9 Q. Is there somebody that 10 would? 11 MR. FARRELL: Objection to 12 form. 13 THE WITNESS: I don't know. 14 BY MS. SWANSON: 15 Q. Does Navient track anywhere 16 in its systems anywhere, the cost of 17 attendance? 18 MR. FARRELL: Objection, 19 asked and answered. 20 THE WITNESS: There are -- I 21 have seen on some accounts or on 22 applications themselves that cost 23 of attendance is listed, but as a 24 normal course of business, that's</p>

<p style="text-align: right;">Page 82</p> <p>1 not something that we capture, 2 it's up to the school or the 3 customer themselves to make sure 4 that the expenses is part of the 5 qualified expense. 6 BY MS. SWANSON: 7 Q. What is the purpose -- why 8 does Navient track 1098 eligibility? 9 A. We're required to by the 10 IRS. 11 Q. You're required to track 12 10- -- interest by the IRS? 13 A. We're obligated by the -- to 14 the IRS to report interest that a 15 customer has paid on qualified education 16 loan expenses. 17 Q. All right. So if we go back 18 to the document we were just looking at, 19 the loan reporting -- the student -- 20 reporting student loan interest. At the 21 bottom of 37, midway to the bottom: 22 "Qualified higher education 23 expenses are defined by Navient as: 24 "The cost of attending an</p>	<p style="text-align: right;">Page 83</p> <p>1 eligible educational institution on at 2 least a half-time basis as determined by 3 the school in accordance with the Higher 4 Education Act." 5 Is that what it says? 6 A. Yes. 7 Q. Does Navient track anywhere 8 in its systems the cost of attending an 9 eligible educational institution as 10 determined by the school? 11 MR. FARRELL: Objection, 12 asked and answered. 13 THE WITNESS: As I stated in 14 the last question, we may have 15 that information on some accounts, 16 but it's not typically something 17 that we would capture and store in 18 our system. 19 BY MS. SWANSON: 20 Q. Okay. If you turn to the 21 next page of the Student Loan Interest 22 Reporting policy. It says that the -- 23 Applicable Loans, it says: 24 "The guidance in this</p>
<p style="text-align: right;">Page 84</p> <p>1 bulletin applies to," can you -- can you 2 tell me what -- what are the applicable 3 loan -- applicable loans in this 4 bulletin -- or the guidance -- can you 5 read for me the Applicable Loan section. 6 A. Sure. 7 "The guidance in the 8 bulletin applies to FFELP, HEAL and 9 private loans that meet the definition of 10 a qualified education loan. If the 11 servicer is unsure whether a loan is a 12 qualified education loan, certification 13 must be obtained from the borrower. (See 14 section Qualified Education Loans 15 Certification Requirement.) 16 "The guidance in this 17 bulletin does not apply to the following 18 private loans which do not meet the 19 definition of a qualified education 20 loan." 21 And then it lists out 22 approximately ten different loan 23 programs. 24 Q. And the Tuition Answer Loan</p>	<p style="text-align: right;">Page 85</p> <p>1 program is not listed on this sheet; is 2 that right? 3 A. That's right. 4 Q. Okay. All right. Let's -- 5 do you track whether or not -- does 6 Navient track in its system anywhere 7 whether or not the certification is made 8 by the school or the certification is 9 made by the borrower himself? 10 A. It definitely tracks if we 11 receive something from the school as far 12 as the school certification. I don't 13 know about -- we have a date that the 14 borrower signed their promissory note but 15 that's all I'm aware of. So not 16 specifically that I'm aware of. 17 Q. Okay. Does the Tuition 18 Answer Loan application have a place on 19 it for the school to certify? 20 A. I do not believe so. 21 Q. Okay. Did you receive from 22 Mr. Homaidan a separate 23 self-certification other than that that 24 you referenced in his promissory note?</p>

<p style="text-align: right;">Page 110</p> <p>1 describe or lay out the process for 2 determining dischargeability? 3 A. It does. This is specific 4 to FDR, so some of the codes that I was 5 talking to you about are what CLASS has 6 on them, so those Qs and Y and N. FDR 7 those fields are slightly different and 8 so that's why they're not necessarily 9 matching up to the description I gave but 10 the -- they were translating into FDR 11 codes upon conversion. 12 Q. So is this an old procedure? 13 A. Well, it definitely -- I 14 mean, it's from, I don't -- it looks like 15 2016, so this would have been done after 16 conversion, but the procedure is not 17 different between CLASS and FDR, just the 18 identification, those codes that I was 19 walking through, are different to what 20 we're looking for. 21 Q. Right. So in this 22 procedure, the discharge analysis begins 23 with the school type and ends with the 24 1098-E eligibility; isn't that right?</p>	<p style="text-align: right;">Page 111</p> <p>1 A. That's what it shows here, 2 but in the end it gets to the same place. 3 You're still using the same decision. 4 Q. Well, that's not actually 5 true, is it? If you start with the 6 school type -- if you start with the 7 school type and it is a Title IV school, 8 then what happens? 9 A. Then you're going to look at 10 the 1098-E eligible flag. And then if 11 it's in our no example, it's 12 dischargeable. 13 Q. Do you know what the 0 or 4 14 stand for in this particular procedure? 15 A. I don't recall. 16 Q. And do you know what the 2 17 stands for? 18 A. I don't. I don't recall. 19 Q. Would you agree that there's 20 no analysis in this procedure as to the 21 cost of attendance? 22 MR. FARRELL: Object to the 23 form. 24 THE WITNESS: There's no --</p>
<p style="text-align: right;">Page 112</p> <p>1 that's correct, there's no 2 analysis on cost of attendance. 3 BY MS. SWANSON: 4 Q. And there's also no analysis 5 of whether or not the borrower is a full 6 or a part-time student? 7 A. Correct. 8 Q. At the very top of this 9 page 79 of this particular procedure, can 10 you tell me what the school types stand 11 for? 12 A. I do not know. 13 Q. You don't know what a School 14 Type A is? 15 A. I do not. 16 Q. Or a School Type B? 17 A. No. 18 Q. Or a School Type C or D? 19 A. I do not. 20 Q. Who would know that? 21 A. The Pennsylvania Claims team 22 that processes these documents. 23 Q. Are there other discharge 24 procedures for different types of loans</p>	<p style="text-align: right;">Page 113</p> <p>1 or loan programs or is this the entirety 2 of the FDR discharge/charge-off 3 procedures? 4 A. I believe this is the only 5 one. 6 Q. All right. The next 7 document I'd like you to look at is 8 bankruptcy write-offs. 9 (Exhibit No. 6, 10 Confidential-Bankruptcy 11 Write-offs, Bates NAV030082557 12 through 82558, was marked for 13 identification.) 14 BY MS. SWANSON: 15 Q. All right. This says that: 16 "All bankruptcy write-offs 17 are completed by the bankruptcy 18 supervisor in the claims department." 19 Is that the PA Claims 20 department? 21 A. Yes. 22 Q. And is the bankruptcy 23 supervisor John Zemetra? 24 A. No.</p>

<p style="text-align: right;">Page 118</p> <p>1 Exhibit 6, which should be in front of 2 you, titled FDR Chapter Seven and Fraud 3 Charge Off Procedures. I think we were 4 going to go to page 79 at the top of the 5 page and you were going to describe to 6 us what the -- 7 MR. FARRELL: You're asking 8 about 5, not 6? 9 MS. SWANSON: You're right. 10 BY MS. SWANSON: 11 Q. I do mean 5, not 6. I'm 12 sorry. 13 Did you get a chance to 14 refresh your memory as to the school 15 types? 16 A. I did. 17 Q. All right. What is School 18 Type A? 19 A. Title IV, for profit. 20 Q. Okay. And School Type B? 21 A. Title IV, not for profit. 22 Q. All right. What is School 23 Type C? 24 A. Non-Title IV, for profit.</p>	<p style="text-align: right;">Page 119</p> <p>1 Q. Okay. And School Type D? 2 A. Non-Title IV, not for 3 profit. 4 Q. All right. So if you look 5 at that decision tree up there in 4: 6 "If the school is Title IV, 7 profit or nonprofit, then the account is 8 not eligible for discharge, proceed to 9 Step 12." 10 Is that what that says? 11 A. Yes. 12 Q. And what is Step 12? 13 A. "Put a note on the account 14 and then" -- "Put a note on the account 15 in our manual freeform chronicle memo via 16 CIS screen to note action taken on 17 account. Include if Pacer was checked, 18 if the school code is non-Title IV, et 19 cetera." 20 Q. How could it be if you've -- 21 if the -- if the "if" is that the school 22 is Title IV, how could -- in what 23 instance would you go to Step 12 and note 24 something about the school code being</p>
<p style="text-align: right;">Page 120</p> <p>1 non-Title IV? 2 A. It's just an example because 3 in Step 5 it also tells you to go to 4 Step 12, so it's just a general note to 5 give some details about what you saw on 6 the account. 7 Q. Got you. All right. 8 So according to this 9 procedure, if the school type is a 10 Title IV school, whether profit or 11 nonprofit, you don't go into the 1098 12 analysis; is that right? 13 A. If the school type -- will 14 you repeat that one more time. 15 Q. If the school type is 16 Title IV, whether or not it's profit or 17 not project, you skip right over the 18 analysis of the 1098-E eligibility? 19 A. Correct. 20 Q. So in that instance, would 21 you -- would you analyze at all whether 22 or not the loan is a qualified education 23 loan? 24 A. So the procedures don't</p>	<p style="text-align: right;">Page 121</p> <p>1 appear to be clear in that way, but if we 2 go to the very top of what's in 4, it 3 says review the school type field at the 4 top of the screen and the Title IV in 5 eligibility data at the bottom of the 6 screen. So you're looking at both of 7 those, so that Title IV ineligible date 8 is also reviewed. 9 Q. Does that have something to 10 do with 1098-E eligibility? 11 A. I don't -- I don't recall 12 this. This is not something I looked at 13 for this -- preparing for this. 14 Q. Okay. So let me ask you 15 another question about if the school type 16 is A or B, meaning that it is a Title IV 17 school, whether or not it's profit or 18 nonprofit, would Navient perform any 19 analysis of qualified higher education 20 expenses? 21 A. Not independently, no. 22 Q. Okay. And the same question 23 if the school type is an A or B, so a 24 Title IV school, whether or not it's</p>

1 don't have an insurer on these, meaning
2 there's not a third party that we're
3 filing a claim with, so definition-wise
4 in my mind they're self-insured but I
5 don't know if we defined that in any of
6 our procedures.

7 Q. Okay. Well, let's talk a
8 little bit about this procedure then.

9 What are the steps in this
10 loan? I mean, I'm sorry, what are the
11 steps in this procedure and we can again
12 skip over the whether or not there's a
13 cosigner on the loan?

14 A. So in this case, there was
15 a -- change must be the way that we are
16 originating the loans because we call a
17 distinction between when the loan was
18 disbursed. At the very top it says:

19 "Career Training Loans with
20 a file date of 10/18/2005 and forward
21 disbursed to a Title IV school are
22 nondischargeable."

23 So this is specifically
24 talking about if the bankruptcy was filed

1 A. We're evaluating whether or
2 not that flag was ever a Y or a Q and if
3 it was ever a Y or a Q then the loan is
4 not discharged. If it was never a Y or a
5 Q, then it's discharged. However, in
6 this one, there's also reference to the
7 school type being looked at.

8 Q. Only in the event that the
9 flag has never changed from Q or Y to an
10 N, correct?

11 A. Correct.

12 Q. All right. So, again, with
13 this procedure there's no further
14 analysis of whether or not the loans
15 proceeds were used for a qualified higher
16 education expense?

17 A. There is, in the case of a
18 no, based off of the 1098-E eligible
19 flag.

20 Q. Okay. There's no analysis
21 of cost of attendance of a full- or
22 part-time student in that analysis, is
23 there?

24 A. No.

1 prior to, it has one process. If it was
2 filed after it has a different process.

3 Q. Okay. Let's talk about if
4 the bankruptcy filing date is after
5 October 18th of 2005, what's the next
6 step?

7 A. The next step is to evaluate
8 the 1098-E field and if the 1098-E field
9 is not a no, in this case, so it's a Y, Q
10 or a blank, then the loan is placed back
11 into repayment. If it's got a no, then
12 we're doing a view to see if it was ever
13 changed.

14 Q. Okay. So if the 1098 field
15 is a Q, a Y or a blank, in this procedure
16 we don't go to the next step of looking
17 at 1098 eligibility at all; is that
18 correct?

19 A. I don't see a reference to
20 it here.

21 Q. Okay. And then what happens
22 if the 1098 field on the screen in this
23 particular procedure that we've marked as
24 Exhibit 8, what if that's an N?

1 Q. If you look at the Step 3,
2 if -- if the 1098 field is an N and has
3 never been anything but an N, then the
4 next step is to look at whether or not
5 the school type is A or B or C or D,
6 correct?

7 A. Yes.

8 Q. And if you determine that
9 the 1098 field has never been anything
10 but an N, and the school type is A or B,
11 meaning that it's Title IV, whether it's
12 for profit or not, then you proceed to
13 Step 4 to determine if the loan is
14 dischargeable?

15 A. Yes.

16 Q. So can you describe what
17 those two steps in Step 4 are, if first
18 notice discharge is received and the loan
19 is deemed dischargeable then?

20 A. We're looking at the first
21 notice discharge is received and it's
22 determined to be dischargeable, then we
23 are going to submit the account for
24 write-off.

1 A. Because in both procedures
2 you're looking at both the 1098-E flag as
3 well as the school type.

4 Q. Except for in the procedure
5 number -- that's Exhibit No. 5. Let's
6 look at that.

7 A. Right, but we also -- I'm
8 also not able to tell you with certainty
9 whether Procedure No. 7 replaces 5
10 because this has an earlier date.

11 Q. Right. But they have
12 different titles?

13 A. Yes.

14 Q. Okay. So do you know who it
15 would be -- if I had this question
16 continuing after today, which I suspect I
17 might, would I talk to PA Claims,
18 somebody at PA Claims about these
19 different procedures or what would you
20 recommend as the next step to figure out
21 which procedures are followed in
22 determining dischargeability of Tuition
23 Answer Loans?

24 A. PA Claims is responsible for

1 channel"?

2 MR. FARRELL: I'm sorry,
3 what was the second one?

4 MS. SWANSON: School
5 channel.

6 THE WITNESS: School
7 certified, yes. School channel,
8 maybe. I've heard the term.

9 BY MS. SWANSON:

10 Q. Do you think those two terms
11 mean the same thing?

12 A. I believe so.

13 Q. All right. And what is your
14 understanding of those terms? Do you
15 have an understanding as to those terms?

16 A. When -- there's two
17 different ways that the private loans can
18 be made, one was the Tuition Answer
19 program, which is direct-to-consumer, and
20 so that case the school is not involved
21 in the certification process.

22 In the other loan programs,
23 many of our other private loan programs
24 the school is involved in certifying and

1 these procedures.

2 Q. Okay. So would that be --
3 would there be a particular person I
4 would talk to at PA Claims or would it be
5 Zemetra?

6 A. Probably Zemetra.

7 Q. Okay. Are there certain
8 loans that are never qualified education
9 loans?

10 A. Yes, I believe there was a
11 listing of some of those in one of the
12 other policy documents we reviewed.

13 Q. Right. That was in the
14 reporting student interest policy.

15 Is that the only place where
16 nonqualified education loans are listed
17 that you're aware of?

18 A. I don't know if it's listed
19 elsewhere.

20 Q. You don't know if it's
21 listed elsewhere?

22 A. I don't.

23 Q. Are you familiar with the
24 terms "school certified" or "school

1 so those would go through a school
2 channel or a school certification
3 process.

4 Q. Okay. Are you -- are there
5 any other education loans other than
6 Tuition Answer Loans that are considered
7 to be direct-to-consumer loans?

8 A. I believe the Bar Study Loan
9 is one.

10 Q. Are there any others?

11 A. I don't know.

12 Q. Is it your testimony that
13 Navient does not -- well, let me just ask
14 you, does Navient track cost of
15 attendance for any of its loans?

16 A. We may have instances where
17 we have cost of attendance in our
18 records, but other than that, a normal
19 course of business it's not something
20 that we would always keep or even have
21 access to.

22 Q. Okay. So you wouldn't have
23 it for all school channel borrowers?

24 A. Correct.

1 A. We pulled the FICO or the
2 credit score information as a part of our
3 underwriting, and then there may be cases
4 where it isn't an auto decision, meaning
5 we didn't say yes or didn't say no from
6 the beginning, that we would look for
7 more details on the credit bureau report.

8 Q. And would there be fields in
9 Navient's systems to track that
10 additional information that you're
11 looking at from a credit report?

12 A. Fields, you're meaning so
13 it's something you can run a query
14 against?

15 Q. Yes.

16 A. No, I do not believe so.

17 Q. Are you familiar with
18 Navient's data tables?

19 A. Some, yes.

20 Q. Did you prepare for today --
21 did you look at any data tables to
22 prepare for today?

23 A. No.

24 Q. Okay. How do you have

1 knowledge of the data tables?

2 A. Before -- until about two
3 years ago I had a team that was
4 responsible for pulling data used for
5 cases like this or for other cases that
6 we have.

7 Q. Okay. Are you familiar with
8 data tables where origination information
9 would be stored?

10 A. Some.

11 Q. Okay. Does Navient make
12 loans to borrowers who are attending
13 school less than half time?

14 A. Tuition Answer or any loans?

15 Q. Any loans.

16 A. Yes.

17 Q. Are they all Tuition Answer
18 Loans?

19 A. No.

20 Q. Are they -- so does Navient
21 make student loans or loans for education
22 to borrowers for attending school less
23 than half time?

24 A. I'll go back to the Bar

1 Study Loan. That person is not in school
2 at all when we loan them that money.

3 Q. Okay. So the two categories
4 that you can think of would be Tuition
5 Answer and Bar Study?

6 A. I don't recall saying
7 Tuition Answer.

8 Q. Oh, okay. Can you think of
9 any other examples of loans that are made
10 to borrowers who are attending school
11 less than half time?

12 A. I believe our policy
13 requires that the student be attending at
14 least half time before they get --
15 generally speaking before they get
16 student loans.

17 Q. Okay. Do you know whether
18 Navient has a field in their systems that
19 indicates whether or not a borrower is an
20 in-state or out-of-state resident for
21 purpose of tuition and fees?

22 A. I do not know.

23 Q. Okay. Can you describe the
24 Tuition Answer Loan program, please?

1 A. Just general information?

2 Q. Yes.

3 A. Tuition Answer Loan program
4 is a loan program that is made to --
5 directly to students who are going to
6 school or it could be made to a person
7 that is taking a loan out on behalf of
8 the student. So a parent or other
9 dependent.

10 Q. Okay.

11 A. Direct to consumer.

12 Q. What do you mean by direct
13 to consumer in this instance?

14 A. In this instance it means
15 that the school is not involved in the
16 certification process.

17 Q. Okay.

18 A. And the loan proceeds are
19 sent directly to the customer.

20 Q. In all Tuition Answer Loans?

21 A. Yes, I believe so.

22 Q. So the Tuition Answer Loan
23 doesn't require a school certification at
24 all?

<p style="text-align: right;">Page 162</p> <p>1 A. It does not, no.</p> <p>2 Q. Okay. All right. I've got</p> <p>3 Exhibit No. -- what are we at, 9?</p> <p>4 THE REPORTER: Yes.</p> <p>5 (Exhibit No. 9, Document</p> <p>6 entitled, Sallie Mae Tuition</p> <p>7 Answer Loan, was marked for</p> <p>8 identification.)</p> <p>9 THE WITNESS: Can I have a</p> <p>10 break?</p> <p>11 MR. FARRELL: Of course you</p> <p>12 may.</p> <p>13 (Recess called at 2:11 PM to</p> <p>14 2:19 PM.)</p> <p>15 MR. FARRELL: She wanted to</p> <p>16 clarify the last answer she gave</p> <p>17 you about whether in a Tuition</p> <p>18 Answer Loan the school certifies,</p> <p>19 I think she wanted to clarify</p> <p>20 something.</p> <p>21 Is that the point?</p> <p>22 BY MS. SWANSON:</p> <p>23 Q. Okay.</p> <p>24 A. That's the one. So you</p>	<p style="text-align: right;">Page 163</p> <p>1 asked the question whether the school has</p> <p>2 to certify the Tuition Answer Loan, and</p> <p>3 my answer was, no, as it relates to the</p> <p>4 cost of education, we don't ask for them</p> <p>5 to certify that. But we do require that</p> <p>6 we get information from the school</p> <p>7 through the borrower about their</p> <p>8 enrollment information, so whether</p> <p>9 they're enrolled in school or not.</p> <p>10 Q. For a Tuition Answer Loan?</p> <p>11 A. Yes.</p> <p>12 Q. Okay. All right. I wanted</p> <p>13 to go back to, I think it's</p> <p>14 Exhibit No. 3, it's that reporting</p> <p>15 student interest document.</p> <p>16 Can you look at page 937,</p> <p>17 and look at the definition or the key</p> <p>18 term "qualified higher education</p> <p>19 expenses."</p> <p>20 So is this now the</p> <p>21 definition of qualified higher education</p> <p>22 expenses?</p> <p>23 A. In this document, yes.</p> <p>24 Q. So -- okay. If we could</p>
<p style="text-align: right;">Page 164</p> <p>1 then move on to Exhibit 9 I just showed</p> <p>2 you.</p> <p>3 First, can you tell me what</p> <p>4 is your understanding of what the cost of</p> <p>5 attending an eligible educational</p> <p>6 institution on at least a half-time basis</p> <p>7 as determined by the school in accordance</p> <p>8 with the Higher Education Act, that</p> <p>9 definition of qualified higher education</p> <p>10 expenses, what do you understand it to</p> <p>11 include?</p> <p>12 A. I'm sure I won't give an</p> <p>13 all-inclusive list, but it would be -- I</p> <p>14 think the IRS actually spells out on</p> <p>15 what's included, but it would be tuition,</p> <p>16 fees, books, living expenses. I believe</p> <p>17 it also covers travel to school back and</p> <p>18 forth.</p> <p>19 Q. Okay.</p> <p>20 A. I'm sure that's not an</p> <p>21 exhaustive list.</p> <p>22 Q. Sure. But if you turn to</p> <p>23 this Tuition Answer Loan promotional</p> <p>24 material, this says over here on the</p>	<p style="text-align: right;">Page 165</p> <p>1 right, right-hand corner and down it</p> <p>2 says: "What does the Tuition Answer Loan</p> <p>3 cover?" The last one listed there is:</p> <p>4 "Fraternity, sorority or club dues."</p> <p>5 Do you think that those are</p> <p>6 included within Navient's definition of</p> <p>7 qualified higher education expenses?</p> <p>8 A. I don't know.</p> <p>9 Q. Do you think that the Higher</p> <p>10 Education Act contemplated fraternity and</p> <p>11 sorority dues in its definition of</p> <p>12 qualified higher education expenses?</p> <p>13 MR. FARRELL: Objection to</p> <p>14 form.</p> <p>15 THE WITNESS: I don't know.</p> <p>16 BY MS. SWANSON:</p> <p>17 Q. Okay. Are you familiar with</p> <p>18 the requirements for receipt of the</p> <p>19 Tuition Answer Loan?</p> <p>20 A. Generally, yes.</p> <p>21 Q. Okay.</p> <p>22 MS. SWANSON: I'm going to</p> <p>23 present you with Exhibit 10.</p> <p>24 (Exhibit No. 10,</p>

<p style="text-align: right;">Page 166</p> <p>1 Confidential-Instructions for 2 completing the Tuition Answer Loan 3 application, Bates NAV0500000298 4 through 319, was marked for 5 identification.) 6 THE WITNESS: Okay. 7 BY MS. SWANSON: 8 Q. Okay. On this first page, 9 it lists some student musts, and then the 10 third student must is that a student must 11 be enrolled at least half time in a 12 degree or certificate granting program at 13 a participating Title IV eligible degree 14 granting institution. 15 Do you know the reason that 16 a borrower must be enrolled at least 17 half-time in the degree or certificate 18 granting program at a participating Title 19 IV eligible degree granting institution? 20 A. I can't tell you the 21 background on why we put that in our 22 requirements. 23 Q. Okay. Do you know why the 24 loan limits listed here at the bottom of</p>	<p style="text-align: right;">Page 167</p> <p>1 the page reference cost of attendance? 2 A. I don't. 3 Q. And Navient doesn't do any 4 analysis of the cost of attendance, do 5 they? 6 A. No. 7 Q. Do you know why that this 8 instructions for completing the Tuition 9 Answer Loan application would dictate 10 that the maximum loan limit is \$40,000 a 11 year to cover any qualified higher 12 education expense? 13 A. I don't have all of the 14 background on why we picked that amount 15 of money, but I'm sure it was a credit 16 risk decision. 17 Q. All right. Would you turn 18 to the page that ends with 312? 19 There's an application 20 checklist. I'd like you to look at that 21 and tell me whether or not you see any 22 requirement in the application checklist 23 having to do with calculated cost of 24 attendance.</p>
<p style="text-align: right;">Page 168</p> <p>1 A. It's not in the checklist, 2 no, but it's listed elsewhere. 3 Q. Where we just looked on the 4 first page? 5 A. And on the application 6 itself. 7 Q. Where else on the 8 application is it referenced? 9 A. Page Bates stamped 15, in 10 the "top loan requested amount" in 11 parentheses in that first line it says: 12 "Depending on the type of school, it may 13 not exceed the estimated cost of 14 attendance." 15 Q. But Navient doesn't ask for 16 the estimated cost of attendance; is that 17 correct? 18 A. No, we ask the borrower to 19 certify that it's not above the cost of 20 attendance. 21 Q. Where is that certification 22 found? 23 A. There's information -- well, 24 obviously this a part of what they're</p>	<p style="text-align: right;">Page 169</p> <p>1 filling out, so when they sign it they're 2 certifying that everything is true to the 3 best of their knowledge, and then there's 4 some reference in, I believe it's in Q? 5 I saw it just a minute ago. 6 23. It does -- in this one 7 I thought it mentioned the cost of 8 attendance. I was wrong. 9 Q. Okay. 10 MR. FARRELL: You were 11 looking at Q2 though. 12 THE WITNESS: I was looking 13 at Q2. That's where they're 14 saying they're using it for a 15 qualified education loan. 16 BY MS. SWANSON: 17 Q. All right. Do you see any 18 requirement in the application checklist 19 having to do with qualified higher 20 education expenses? 21 A. Not in the checklist, no. 22 Q. And do you see it elsewhere 23 in this application? 24 A. Yes, in the loan request</p>

<p style="text-align: right;">Page 174</p> <p>1 of our application process had to have 2 happened, either the customer certified 3 it through the loan application or the 4 school certified it if it was through the 5 school. 6 Q. Okay. Are there any other 7 documents that Navient has in its 8 possession other than this promissory 9 note and loan application for 10 Mr. Homaidan that -- other than those two 11 spots that you mentioned, Q2 and in the 12 net loan proceeds, is there any other 13 documents that you have where he 14 self-certified his loan as a qualified 15 higher education loan? 16 MR. FARRELL: Object to the 17 form. She said those were two 18 places that she was -- 19 specifically pointed out on the 20 application. She said there could 21 be other places in the 22 application. But I understand 23 your question to be is there 24 anyplace other than the promissory</p>	<p style="text-align: right;">Page 175</p> <p>1 note and the application. 2 MS. SWANSON: Correct. 3 THE WITNESS: Not that I'm 4 aware of. 5 BY MS. SWANSON: 6 Q. Okay. You mentioned that -- 7 scratch that. 8 And I think we've gone over 9 this, but is there any analysis done 10 after a borrower declares bankruptcy to 11 determine whether the loan is a qualified 12 education loan other than the 1098-E 13 categorization? 14 A. No. 15 Q. So is there any analysis 16 done after a borrower declares bankruptcy 17 to determine whether the borrower was 18 less than a half-time student? 19 A. No, but the loan couldn't 20 have been made if he was less than half 21 time. 22 Q. Pursuant to these 23 instructions on the Tuition Answer Loan? 24 A. Correct.</p>
<p style="text-align: right;">Page 176</p> <p>1 Q. Right. Is there any 2 analysis done after a borrower declares 3 bankruptcy to determine whether the loan 4 was provided for qualified higher 5 education expenses except for the 6 categorization in the 1098-E field? 7 A. After the bankruptcy is 8 filed? 9 Q. Yes. 10 A. No. 11 Q. And is there any analysis 12 done after a borrower declares bankruptcy 13 to determine whether the loan was within 14 the cost of attendance? Other than the 15 1098-E eligibility field. 16 A. No. 17 Q. Okay. I'm going to show you 18 Mr. Homaidan's Tuition Answer Loan 19 application, and this is for a loan 20 line -- Loan 9. 21 (Exhibit No. 11, 22 Confidential-Loan 9, Bates 23 NAVHOM20000030 through 40, was 24 marked for identification.)</p>	<p style="text-align: right;">Page 177</p> <p>1 BY MS. SWANSON: 2 Q. So did you get a chance to 3 look at this document before this 4 deposition today? 5 A. Yes. 6 Q. All right. This application 7 is for a Tuition Answer Loan, correct? 8 A. Yes. 9 Q. Is this the particular 10 Tuition Answer Loan that you said that 11 you did look at? 12 A. Yes. 13 Q. Okay. And you see on his 14 application just like the blank 15 application we just looked at on Bates 16 No. 33 at the top, it says that the loan 17 may not exceed the estimated cost of 18 attendance, correct? 19 A. Yes. 20 Q. There's no further 21 certification in this document that 22 you're aware of as to the cost of 23 attendance, is there? 24 A. We defined that it's got to</p>